Fixation/revision of price of drug formulations

1228. DR. NARREDDY THULSI REDDY : Will the PRIME MINISTER be pleased to state :

(a) whether it is a fact that formulators apply for fixation/revision in price of formulations after giving purchase invoices relating to purchase of bulk drugs;

(b) what are the names of products whose prices have been fixed or revised without purchase of invoices under DPCO, 1987; and

(c) whether it is a fact that as and when the formulators pay price higher than notified price they furnish details alongwith their requests for revision price fixation ?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI EDUARDO FALEIRO) : (a) and (c) Yes, Sir. Applicants whenever seeking price fixation/revision of their formulations are required to enclose copies of invoices alongwith their applications. Where the notified price and/or the DGHS weighted average import price of a bulk drug is found to be lower than the price claimed, purchase invoices even if submitted are not taken into account in pricing formulations.

(b) In cases where purchase invoices are not accompanying the application, the price data as available with the Government is considered and the same machanism is followed in cases of suo-moto fixation/revision of prices. This is an ongoing exercise and it is not possible to maintain a separate record of this kind.

Bonus/Commission schemes to Chemists

1229. DR. NARREDDY THULASI REDDY : Will the PRIME MINISTER be pleased to state :

(a) whether it is a fact that Drug companies have increased prices of non-scheduled formulations very high without any justification;

(b) what are the names of products where prices have gone up by more than 75 percent during the last three years;

(c) whether it is a fact that producers are giving high bonus to chemists instead of reducing the prices;

(d) what are the names of products where Bonus schemes were given during the last three years and what are the details of bonus schemes on each product;

(e) whether Government have made any study on the commission paid to chemists on non-scheduled products;

(f) if so, the percentage given to retailers and wholesalers;

(g) if not, the basis on which Government have proposed to further decontrol in the proposed policy; and

(h) what are the details of aspects of pricing on which Government have made any study ?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI EDUARDO FALEIRO) : (a) and (b) Decontrolled formulations and their pack sizes being very large in number, the time and labour involved in collection and compilation of this voluminous information would not be commensurate with the results likely to be achieved. However, on the basis of a sample analysis, increase of more than 75% over the prices prevailing at the time to commencement of DPCO, 1987 has taken place in 20-21% of the cases of non-scheduled formulations.

(c) and (d) Such details are not required to be monitored under DPCO, 1987.

(e) and (f) The matter of trade margins in the Pharmaceutical Industry had been got studied by the NCAER. The NCAER study had indicated that the levels of retailers and wholesalers margins were 20% and 10% of the retails prices (excl. excise duty) in cases of non-scheduled formulations.

(g) and (h) Factors necessitating the review of the existing drug policy and pricing mechanism have already been indicated